P.T.C. 291 (M)
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TARIFF COMMISSION
GOVERNMENT OF INDIA

REPORT
ON THE
CONTINUANCE OF PROTECTION
TO THE
AUTOMOBILE SPARKING PLUG INDUSTRY

BOMBAY
1955

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REPORT ON THE CONTINUANCE OF PROTECTION TO THE AUTOMOBILE SPARKING PLUG INDUSTRY

1. *Origin of the case.*—The automobile sparking plug industry was granted protection by the Government of India, Ministry of Commerce and Industry Resolution No. 21(2)T.B./54 dated 22nd January, 1955, in accordance with the recommendations made by the Tariff Commission in its Report dated 28th August, 1954. Protection was granted upto 31st December, 1955, by enhancing the standard rate of import duty on sparking plugs to 92½ per cent. *ad valorem*. In order to maintain the preference of 7½ per cent. *ad valorem* for sparking plugs of British manufacture adapted for use in motor trucks, the rate of duty on this class of plugs was fixed at 85 per cent. *ad valorem*. Government also accepted the Commission's recommendation that the scheme of protection should be reviewed before the end of 1955. The present inquiry was accordingly undertaken under Section 11(e) and 13 of the Tariff Commission Act, 1951.

2. *Method of inquiry.*—On 7th July, 1955 the Commission issued questionnaires to producers, importers and consumers of sparking plugs, in order to elicit their views on various points arising out of the inquiry. The Development Wing of the Ministry of Commerce and Industry, Government of India, was also requested to submit a memorandum on the progress made by the industry since the grant of protection. Information regarding the c.i.f. prices and landed costs of imported sparking plugs was obtained from the Collectors of Customs and the principal importing firms. The Indian Standards Institution was consulted with regard to the steps taken to evolve standard specifications for sparking plugs. The Cost Accounts Officer, Shri S. K. Basu, visited the works of Motor Industries Co. Ltd., Bangalore, from 11th to 13th July, 1955 and prepared a report on their costs of production. A list of those who were addressed for information or views relating to this industry and from whom replies or memoranda were received is given in Appendix I.

3. *Scope of the inquiry.*—The scope of this inquiry covers all specifications of sparking plugs in 14 mm. and 18 mm. sizes, including the resistor types, but excluding integrally screened types.

4.1. *Recommendations in Commission's previous Report on matters other than tariffs.*—The Commission had recommended that subject to Government being satisfied that the phased programme of manufacture as approved by them was being implemented by the manufacturers, Government should refund the whole of the duty paid by the manufacturers on imported bright drawn free cutting mild steel hexagonal bars, rectangular nickel wire, manganic strip and cold drawn bright M.S. tubes and such duty on imported finished components, namely, upper disc, sub-assembled insulator, clamping washer and lower disc as was in excess of the duty payable according to the then existing rates. Government did not accept this recommendation but preferred to await the result of the further inquiry to be held before the end of 1955, on the ground (a) that the quantum of protective duty recommended by the Commission took into account the customs duty payable on imported raw materials, and (b) that partial exemption of duty on imported components would inevitably retard the plans for the manufacture of these components in the country.

4.2. Government accepted the following recommendations of the Commission and agreed to take suitable steps to implement them as far as possible.

(i) "Auto Accessories (India) Ltd., should be required to submit a phased programme of manufacture of parts of sparking plugs for a period of three years so that at the end of that period, it should be possible for them to manufacture all the parts of sparking plugs in India. Steps should also be taken by Government to ensure that the phased programme is implemented by Motor Industries Co. Ltd., and Auto Accessories (India) Ltd., according to the time schedule approved by Government." We understand that Auto Accessories have submitted their phased programme of manufacture in May, 1955 and have taken up the production of certain components which they originally proposed to take up at a later stage. Motor Industries have fulfilled the first stage of their manufacturing programme and have taken certain steps towards implementing the second stage.

(ii) "Government should examine the possibility of the manufacture of insulators by the Government Porcelain Factory, Bangalore, in consultation with Motor Industries Co. Ltd." We understand from the Development Wing of the Ministry of Commerce and Industry that the Government Porcelain Factory has been requested to examine the possibility of manufacturing insulators.

(iii) "Government should make arrangements for the periodical testing of the quality of the indigenous sparking plugs". The sparking plugs produced by Motor Industries Co. Ltd., have already been tested by the Indian Institute of Science and Auto Accessories (India) Ltd., have also been advised by Government to get their plugs similarly tested.

(iv) "Government should make arrangements with the Collectors of Customs and Director General of Commercial Intelligence and Statistics to record imports of sparking plugs by the following categories, *viz.* (a) sparking plugs of 14 mm. size. (b) sparking plugs of 18 mm. size, and (c) sparking plugs of all other sizes". We have been informed that arrangements have already been made for recording of imports of sparking plugs in the categories mentioned above with effect from April, 1955.

(v) "The Central and State Governments should extend their patronage to the sparking plug industry as soon as sparking plugs produced in the country are found to be of acceptable quality". The Development Wing has stated that the Director General of Supplies and Disposals has been advised to give preference to the indigenous products while purchasing sparking plugs on Government account. We hope that similar action will be taken by the State Governments with regard to their purchases.

(vi) "The Indian Standards Institution should consider the feasibility of formulating standard specifications for at least some of the major components of the sparking plug in consultation with the manufacturers". The Institution has taken up this work and has prepared a draft on dimensional standards for sparking plugs for the consideration of its Sectional Committee. The preparation of a standard for performance of sparking plugs is expected to be more difficult, but the Institution hopes to publish at least some standard specifications for sparking plugs by April, 1956.

4.3. The Commission had recommended that careful watch should be kept over the trend of imports of sparking plugs and that imports should be allowed only to the extent to which they were required to bridge the gap between the estimated domestic demand and indigenous production. Government have already arranged to keep a careful watch over the trend of imports and agreed to take suitable action at the appropriate moment. Reference has been made later in the Report to the current import control policy with regard to sparking plugs.

4.4. The following recommendations required action by the manufacturers themselves:

(1) "Motor Industries Co. Ltd. should forward samples of sparking plugs produced by them to the Indian Institute of Science, Bangalore, for having them tested thoroughly. They should also supply sparking plugs produced by them at Bangalore to the various road transport undertakings in the country for use in their vehicles and obtain their opinion based on use for sufficiently long period". Motor Industries have taken action on these lines.

(2) "The manufacturers of sparking plugs should adopt the practice followed in foreign countries of supplying their products at concessional rates to manufacturers of motor vehicles for use as original equipment". The manufacturers have already adopted this practice. Auto Accessories, however, have not been able to effect any sales to manufacturers of motor vehicles who consider their prices to be too high.

(3) "The manufacturers of sparking plugs should take steps to build up an adequate sales organisation so as to be able to meet the requirements of consumers in different parts of the country. They should also maintain adequate stocks of the various types and specifications of sparking plugs of 14 mm. and 18 mm. sizes normally

required by the consumers". Motor Industries claim to have built up an extensive sales and service organisation. They have seven main stockists, in addition to 3 sales and service houses of their own. Auto Accessories propose to have 4 zones of distribution, with a Distributor in each zone who will have his own sub-distributors and dealers.

5.1. *Progress made by the two manufacturing units.—Motor Industries Co. Ltd.*—This Company was registered on 12th November, 1951 in Madras with the object of manufacturing sparking plugs and certain other components of automobiles. They have entered into technical collaboration with Robert Bosch, GmbH of Stuttgart. West Germany, for a period of 8 years from 1st January, 1951. Since the last inquiry, there have been certain important changes in the financial structure of the Company. The Managing Agency has been terminated and Robert Bosch GmbH have agreed to participate in the share capital of the Company. The Company has an authorised capital of Rs. 125 lakhs and since the last inquiry, its subscribed and paid-up capital has increased from Rs. 38·15 lakhs to Rs. 54·85 lakhs. 97·3 per cent. of the capital is still in Indian hands. No shares have yet been offered to the public, the entire capital being obtained through private sources. The Company has so far made a loss on its working, the total amount of loss for the period from 1st January, 1954 to 31st December, 1954 being Rs. 5,52,524. The first stage of the manufacturing programme undertaken by the Company has been completed. The Company is now manufacturing all parts of sparking plugs, except the central electrode and insulator and certain minor items, such as washers etc. whose local manufacture, according to the Company, is not yet economical. The parts manufactured by the Company are the following, namely. spark plug body, earth electrode, adjusting ring and cable-clamping nut. Packing cartons and wrapping paper are locally purchased. The machinery for implementing the next stage of the programme, namely, the manufacture of the central electrode and its assembly with the insulator, has been ordered and is expected to be received soon. The Company expects to start the manufacture of the central electrode and its assembly with the insulator by the end of 1955. As regards the insulator, the Company considers that it will not be economical to manufacture it until the production of sparking plugs increases to the minimum figure of one million per year.

5.2. *Auto Accessories (India) Ltd.*—This Company was registered in Bombay in March, 1951 for manufacture of K.L.G. sparking plugs in technical collaboration with Smith Motor Accessories Ltd., U.K. The authorised capital of the Company is Rs. 10 lakhs and the subscribed and paid-up capital Rs. 4·5 lakhs and Rs. 4·4 lakhs respectively. The entire capital is held by Indians. The Company started production in April, 1955. The Company's plans were delayed owing to the non-availability of electric power the necessary sanction for which was received only towards the end of March, 1955. In consideration of the technical assistance received from Smith Motor Accessories, the Company purchases from them insulated centres at a fixed price and has agreed not to manufacture insulated centres without their prior consent. It pays no royalty for the use of the K.L.G. trade mark. The phased programme of manufacture adopted by the Company envisages eventual production of all the components of sparking plugs except the insulator. The following components, namely, plug bodies, gland nuts, terminal nuts and single firing points are being manufactured by the Company since April, 1955 and the manufacture of three point firing discs and internal washers is proposed to be undertaken within a few months. Production of external seating washers is also contemplated in the near future. The Company is also negotiating with its Principals for permission to undertake the manufacture of the central electrode and its assembly with the insulator and is hopeful of being able to complete this stage by the end of 1956.

6. *Domestic demand.*—At the last inquiry, the domestic demand for sparking plugs was estimated at 1,050,000 plugs of 14 mm. size. 300,000 plugs of 18 mm. size and 150,000 plugs of the remaining sizes. In their reply to the Commission's questionnaire, Motor Industries have estimated the current demand for 14 mm. plugs at 900,000 and that for 18 mm. plugs at 100,000 per annum. They expect a further decline in demand owing to the prevailing trend towards conversion of petrol engines to diesel engines. This factor is no doubt of considerable significance for the future, but in view of the shortness of time which has elapsed since the last estimates were adopted, we do not propose to revise them at this stage .

7.1. *Capacity and production.*—At the last inquiry, Motor Industries had stated their capacity to be 300,000 plugs per annum on single shift basis, about 500,000 plugs on double shift basis and about 700,000 plugs on triple shift basis. They have now submitted the following revised estimates of capacity, namely, 1,350 per day or 385,000 plugs per annum (284 working days allowing for holidays and absenteeism) on single shift basis, 2,550 plugs per day or 725,000 plugs per annum on double shift basis and 3,415 plugs per day or 970,000 plugs per annum on triple shift basis. The Company will, however, have to instal some additional machines to attain the above estimate of capacity on double and triple shift basis. The Company is at present working one shift in full and the second shift partly. Auto Accessories claim to have a capacity of 1,000 plugs per day on a single shift basis or roughly 300,000 plugs a year. They are at present working on single shift only.

7.2. Domestic production of sparking plugs during 1954 and 1955 (January-June) was as follows:—

Sl. No.	Name of firm	14 m. m.		18 m. m.	
		1954	1955 (Jan.-June)	1954	1955 (Jan.-June)
1.	Motor Industries	78,160	172,739	6,109	4,635
2.	Auto Accessories (since April 1955)	..	68,676	..	17,500
	TOTAL .	78,160	241,415	6,109	22,135

As regards components, Motor Industries produce plug body and earth electrode, adjusting ring and cable clamping nut, and Auto Accessories produce plug body, gland nuts, terminal nuts and single firing points. Whereas Auto Accessories have produced only as many components as were required for the finished plugs produced by them, the production of components by Motor Industries has been larger than their production of finished plugs. The number of components produced by Motor Industries are shown below:—

	1954	1955
Spark plug, body and earth electrodes	198,409	206,700
Adjusting ring	198,800	207,305
Cable clamping nut	199,305	206,917

7.3. The total production of sparking plugs by Motor Industries in 1955 is expected to be 480,000 made up of 355,000, 14 m.m. short reach plugs, 45,000 14.m.m. long reach plugs, and 80,000, 18 m.m. short reach plugs. The Company expects to produce 600,000 plugs in 1956. Auto Accessories expect to produce 300,000 plugs in 1955, made up of 225,000 plugs of 14 m.m. size and 75,000 plugs of 18 m.m. size. Their production target for 1956 is 400,000 plugs.

8.1. *Imported materials and components.*—In its previous Report on this industry, the Commission had recommended that the whole of the duty paid by the manufacturers of sparking plugs on imported bright drawn free cutting mild steel hexagonal bars, rectangular nickel wire, manganic strip and cold drawn bright M.S. tubes should be refunded. As stated earlier, this recommendation was not accepted by Government. The industry has reiterated its request for refund of the duty on these materials, but we do not think that this request needs further consideration, because the incidence of duty on these materials is very small and since these materials have many other uses, there may also be administrative difficulties in granting the refund.

8.2. The Commission had also recommended refund of such of the duty on imported components (upper disc, sub-assembled insulator, clamping washer and lower disc) as was in excess of 25 per cent. This recommendation also was not accepted by Government and the manufacturers have complained that the levy of duty at the enhanced rate of 92½ per cent. on these components has imposed a heavy burden on them and largely nullified the quantum of protection granted to the industry. Auto Accessories have asked for refund of duty in excess of 25 per cent. on all imported components, while Motor Industries have asked for such refund mainly for the insulator which, according to them, cannot be economically manufactured in India below the minimum production figure of one million. The incidence of the import duty on the components at present imported is no doubt heavy, amounting to about 7.2 annas per sparking plug of 14 m.m. size. The sub-assembled insulator alone accounts for four fifths of this duty. Motor Industries, however, have already taken steps to start the manufacture of central electrodes and to assemble them with imported insulators. The question of refund of duty on sub-assembled insulators, therefore, is now of interest only to Auto Accessories who have so far taken no such steps. We consider that if the duty on sub-assembled insulators imported by Auto Accessories is refunded, the incentive which now exists for them to expedite their plans for manufacture of central electrodes will be weakened. We consider, further, that the manufacturers should be expected to undertake the manufacture of components like the upper and lower discs and clamping washers in the near future. We are, therefore, not in favour of granting a refund of duty on sub-assembled insulators or any of the other components except insulators. The position in regard to insulators is materially different from that of any of the other components. The electore-porcelain industry in this country is still in an early stage of development. In particular, we see no prospect of the Government Porcelain Factory, Bangalore, being able to take up the manufacture of sparking plug insulators in the near future. Nor is it likely that the sparking plug industry itself will be able to afford the necessary investment for a year or so. The manufacture of central electrodes is expected to result in some appreciable increase in the cost of production of sparking plugs and until the volume of production expands sufficiently to absorb a fair proportion of this increase, it will not be practicable to incur the further increase in cost involved in the manufacture of insulators. Judging from the progress so far made, the industry may approach the target of one million sparking plugs sooner than was expected last year, and the resultant saving in cost may then enable the industry to take up the manufacture of insulators. Until that stage is reached, the industry will have to continue to import its insulators. It will be seen from the cost data given later in this Report that if insulators are subjected to the same rate of duty as finished sparking plugs, the protective duty on sparking plugs will have to be as high as 137 per cent. in order to afford adequate protection to the industry. The duty on sparking plugs is already high and should not be pushed up further on account of any avoidable increases in cost. An increase in duty on sparking plugs will also involve a higher duty on sub-assembled insulators and this will add to the difficulties of Auto Accessories. Moreover, spearking plug insulators have no other use except for the manufacture of sparking plugs and there should, therefore, be no administrative difficulties in granting exemption of duty. For these reasons, we recommend that insulators (not fitted with central electrodes) imported for use in the manufacture of sparking plugs should be exempted from duty for a period of one year. In the meanwhile, the industry should take steps to evolve a concrete project for manufacturing insulators in the country.

9.1. *Quality of the indigenous product.*—Although indigenous sparking plugs have not been in use for a sufficiently long time, the evidence received by us shows that they have so far given satisfactory performance. The Automobile Ancillary Industries Association, Bombay, has informed us that the quality of indigenous sparking plugs compares favourably with that of foreign plugs and the Calcutta Motor Dealers' Association also has described the performance of 'Bosch' sparking plugs to be satisfactory. We understand from the Development Wing that the tests carried out by the Indian Institute of Science, Bangalore, with MICO plugs have shown their general performance to be comparable with that of Champion plugs. Arrangements have also been made for the testing of plugs produced by Auto Accessories but the results were not available at the time of writing this Report. We understand from Motor industries that their sparking plugs have been approved by the manufacturers of Hindustan, Studebaker, Standard and Jeep vehicles. The Company has supplied 74,000 MICO plugs to the Indian Army and has not received any complaints so far. As recommended by the Commission, the Company had sent sample sets of plugs to four transport undertakings for testing and has supplied us with copies of their reports. The set supplied to Government Transport, Madras, gave satisfactory service for 24,000 miles, and the one supplied to State Transport, West Bengal, for 20,000 miles. Madhya Bharat Roadways and Travancore-Cochin State Transport have also expressed satisfaction with MICO plugs.

9.2. An automobile manufacturing firm had informed us that MICO plugs had not been approved by its foreign associates for use as original equipment because in the case of one type of engine, on ignition testing, these plugs were found to be colder than certain foreign plugs and in the case of another type of engine the central electrode was found to wear down too quickly. These complaints were brought to the notice of Motor Industries who have informed us that one of the foreign associates concerned has since approved of MICO plugs for use as original equipment. The complaints referred to above do not relate to the quality of the plugs as such, but refer to certain basic characteristics of a plug which have to be taken into account before selecting it for a particular type of engine. A plug is described as "hot" or "cold" according to whether it has a low or a high "heat value". Mr. F. Weigelt of Motor Industries has advised us that as a rule a spark plug can work satisfactorily only if the surface of the insulator nose together with the tip of the centre electrode maintains a temperature between about 500°C and 800°C under all the various service conditions of the engine. If the temperature of the insulator nose is lower than 500°C for a certain maximum time, combustion products like soot, oil particles, etc. can settle down on its surface to such a degree that eventually the ignition current passes through the surface instead of jumping over the electrode gap. The plug is then said to be working in the "fouling region". This defect occurs when the heat value of the plug is too high, or to use another term, the plug is too cold for the particular engine and driving conditions in which it is used. Unless the insulator nose retains sufficient heat, it is not able to burn off the combustion products with which it comes into contact. On the other hand, if the temperature of the insulator nose or of the tip of the central electrode rises above 850°C, the combustion of the fuel air mixture will be initiated by these overheated portions of the plug before the ignition spark can do this work. This causes pre-ignition. The plug is said to be working in the "pre-ignition region". This defect occurs when the heat value of the plug is too low, or to use another term, the plug is too "hot" for the particular engine and driving conditions. The heat value of the plug is no doubt affected by its design and the normal wear and tear. However, different engines require plugs of different heat values, depending on various factors such as their compression ratio (which determines the temperature of the combustion gases,) the average engine speed (the higher speeds having a greater tendency to heat up the plug), the ignition timing and the engine design for plug cooling "Colder" plugs are suitable for engines with a higher compression ratio, with higher average speeds and with an advanced ignition timing. The improvements in modern automobile engines are all in the direction of increasing the heating factors just mentioned and hence the current tendency is towards using colder plugs. Of course, every improvement in the engine design for plug cooling permits a lowering of the heat value, or the use of "hotter" plugs. All this explanation is intended to show that in order to obtain the best results, one has to select a sparking plug of the right heat value for the particular type of engine in which it is to be used. The same plug may be found to be too "cold" for one type of engine and too "hot" for another. There are also no generally recognised methods for determining the heat value of sparking plugs. The selection of a suitable plug out of a variety of heat values and combinations is usually done by trial and error and requires a joint effort on the part of the manufacturers of automobiles and sparking plugs. As stated above, although one automobile manufacturer found MICO plugs to be unsuitable in the first instance, the same manufacturer was able to approve of them after some trials and adaptation. Any general criticism, therefore, that a plug was found to be too "hot" or too "cold" for a particular engine cannot be regarded as conclusive evidence of the basic quality of the plug.

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9.3. Since the quality of indigenous sparking plugs is generally regarded as satisfactory, we recommend that Government purchases of sparking plugs should as far as possible be made from indigenous sources.

9.4. We would like to reiterate the recommendation made in the last Report that Government should make arrangements for the periodical testing of the quality of the indigenous sparking plugs. The manufacturers also should get their products periodically tested by the Indian Institute of Science, Bangalore.

10. *Import control policy.*—During the licensing period January-June, 1955, sparking plugs continued to be treated as a separate item for the purpose of import control. During this period established importers were granted General and Soft currency licences to the extent of 60 per cent. of their best year's imports. During the current licensing period, namely, July-December, 1955, the quota has been reduced to 40 per cent. Not more than 33⅓ per cent. of the face value of the licences can be utilised for imports of sparking plugs of 14 m.m. and 18 m.m. sizes.

11. *Imports.*—Arrangements for recording imports of sparking plugs have been made since April 1955, but the statistics so far available are incomplete and have not, therefore, been given in this Report.

12. *Existing rate of import duty.*—The following extract from the First Schedule to the Indian Customs Tariff shows the existing rate of import duty on sparking plugs:

Item No.	Name of article	Nature of duty	Standard rate of duty	Duration of protective rates of duty
75 (16)	The following articles and parts thereof adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters, namely, Sparking pluge of 14 m.m. and 18 m.m. sizes, including the resistor types but excluding integrally screened types.	Protective	92½per cent. *ad valorem* *	December 31st, 1955.

* By the Ministry of Finance (Revenue Division) Notification (Customs) No. S. R. O. 235 dated 22nd January, 1955, sparking plugs of the above description, if of the U.K. manufacture, have been exempted from so much of the customs duty leviable thereon as is in excess of 85 per cent, *ad valorem*, provided such plugs are not also adapted for use as parts and accessories of motor cars including taxi cabs.

13. *C.i.f. prices.*—The data regarding the c.i.f. prices and landed costs received from the Collectors of Customs and most of the importing firms relate to Champion sparking plugs imported from Canada or U.S.A. A statment in Appendix II gives the data regarding c.i.f. prices and landed costs received by us. As stated in the last Report, A.C. sparking plugs are cheaper than either Champion or Lodge plugs, and hence for the purpose of devising an effective scheme of protection, it is necessary to take the c.i.f. prices and landed costs of A.C. plugs for comparison with the fair ex-works price of indigenous plugs. We have obtained a quotation for A.C. Sphinx plugs of 14 m.m. size from India Motor Parts and Accessories Ltd., Madras, which is Re. 1-0-1 per plug c.i.f. Madras. With the addition of 1 pie for clearing charges, the landed cost without duty comes to Rs. 1-0-2 per plug. We have adopted this quotation for the purpose of comparison with the fair ex-works price of indigenous plugs.

14.1. *Cost of production and fair ex-works price of indigenous plugs.*—Our Cost Accounts Officer has examined the cost of production of Motor Industries Co. Ltd., and framed an estimate of the future costs. For the purpose of estimating the costs for the future, production has been taken at 600,000 plugs per annum. In keeping with the recommendation made by us in paragraph 8.2 above that the industry should be granted exemption of duty on imported insulators, we have found it necessary to estimate the future fair ex-works price on the basis that the company will manufacture central electrodes and assemble them with imported insulators. The company has already ordered the necessary equipment and expects to produce central electrodes by the end of this year. If the future costs had been based on the cost of imported sub-assembled insulators, the rate of duty required would have worked out much higher, since we have not recommended exemption of duty on sub-assembled insulators. Any such calculation, however, is likely to be out of date in a short time, since Motor Industries are about to embark on the next stage of manufacture for which a scheme of protection based on the local manufacture of central electrodes and duty-free imports of insulators is really appropriate. The company has furnished us with necessary technical data to enable us to estimate the cost of production of central electrodes and their assembly with insulators. On the basis of the Company's own estimates, the cost of sub-assembled insulator and central electrode, excluding duty on the insulator, comes to Re. 0.585 per sparking plug. We have, however, adopted an estimate of Re. 0.555 per sparking plug for this item. We consider this reduction to be justified in the light of past experience, in as much as in the case of raw materials required for other components, the Company's actual consumption has been found to be lower than the estimates furnished by it at the last inquiry. Actual expenses have been ascertained for all other elements of costs and taken into account in estimating the fair ex-works price for the future. We have allowed wastages at the rates of 10 per cent for the raw materials required for the sub-assembled body and earth electrode, 5 per cent for the raw materials required for the adjusting ring and 1 per cent for those required for the cable clamping nut. Actual wastages incurred were higher. An allowance of 3 per cent has been made for the wastage at the assembly stage. As on the last occasion, the cost of jigs and gauges has been assumed to be written off over a period of 5 years. We have allowed depreciation on the basis of the income-tax rates (including the second shift allowance). The company has represented that the allowance for working capital at 4 months' cost of production has been found to be inadequate. Owing to the various difficulties experienced by the company in securing its requirements of imported materials and components and the long delivery dates quoted by foreign suppliers, the company has found it necessary to hold stocks of imported raw materials to the extent of 12 months' requirements and imported components to the extent of 8 months' requirements. We have examined this representation and have estimated the working capital required by the company as equal to 9 months' costs of production. Interest on this amount has been allowed at 4½ per cent per annum. Out of the total gross block of Rs. 28 lakhs (including Rs. 1·22 lakhs for the manufacture of the central electrode and its assembly with the insulator) the portion employed in the manufacture of sparking plugs has been determined to be Rs. 9·4 lakhs and return has been allowed thereon at 10 per cent.

14.2. The following statement shows the Commission's estimates of the future fair ex-works prices of three different types of sparking plugs.

STATEMENT SHOWING THE ESTIMATE OF FAIR EX-WORKS PRICES OF SPARKING PLUGS FOR THE YEAR 1956 COMPARED TO COMMISSIONS LAST ESTIMATES.

Type	14 mm. size				18 mm. size.	
	Short reach H-W. 175 T-1		Long reach H-W. 145 T-2.		Short reach H.M. 145 T-1	
	Estimate for 1956	Commission last estimate	Estimate for 1956	Commission last estimate	Estimate for 1956	Commission last estimate
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Particulars.						
1. Net materials						
(*a*) Raw materials (excluding those required for Sub-assembled insulator and centre electrodes including duty. . . .	0·262	0·347	0·291	0·393	0·338	0·469
(b) Importer finished components (other than insulator) without duty . .	0·095	5·506	0·095	0·506	0·088	0·541
(*c*) Cost of sub-assembled insulator and centre electrode including raw materials cost with duty but excluding duty on the insulator. .	0·555		0·571		0·573	
	0·912	0·853	0·975	0·899	0·999	1·010
2. Conversion charges including royalty	0·628	0·798	0·662	0·798	0·690	0·801
3. Packing charges . .	0·102	0·080	0·102	0·080	0·104	0·136
4. Interest on working capital .	0·059	0·024	0·062	0·026	0·065	0·029
5. Return on block . .	0·157	0·169	0·157	0·169	0·157	0·169
6. Fair ex-works price per plug excluding duty on finished components	1·858	1·924	1·940	1·972	2·015	2·145

15.1. *Comparison of the landed cost ex-duty of Imported sparking plugs with the fair ex-works price of the indegenous sparking plugs.*—Since the bulk of the domestic production consists of sparking plug of 14 mm. short reach type, we give below a comparison of the fair ex-works price of the indigenous plug of this

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type with the landed cost ex-duty of A.C. plug (as given in paragraph 13 above).

	Rs.	as.	ps.
(*a*) C. *i.f.* price per A.C. sphinx spark plug	1	0	1
Customs duty	0	15	0
Clearing charges	0	0	1
(*b*) Landed cost	1	15	2
(*c*) Landed cost without duty	1	0	2
(*d*) Fair ex-works price (excluding duty on imported components) Rs. 1·858 *i.e.*	1	13	8·7
(*e*) Disadvantage of (*d*) against (*c*)	0	13	6·7
(*f*) (*e*) as percentage of *c.i.f.* price in (*a*)	84·30%		

In the above comparison, we have not taken into account the duty payable by the manufacturers on imported components. The rate of protective duty indicated on this basis comes to 84·3 per cent. *ad valorem.* This represents the disadvantage of the domestic industry on account of factors other than the duty on imported components. In paragraph 8·2 above, we have recommended exemption of duty on insulators. Since the other imported components are to be subjected to the same rate of duty as is applicable to finished plugs, the duty on the latter will have to be higher than that indicated above, in order to afford adequate protection to the domestic industry. The rate of duty may be worked out as follows: if the duty on imported components other than insulators is levied at X per cent. *ad valorem*, the increase in the fair *ex*-works price of indigenous sparking plugs will be $\frac{x}{100}$ x Re. 0·095 (Re. 0·095 being the value, without duty, of imported components other than insulators), and the rate of duty on finished plugs required to equate the landed cost of imported plugs to the fair *ex*-works price of indigenous plugs will be $84{\cdot}30 + \frac{100}{1{\cdot}005}\ (\frac{x}{0} \times 0{\cdot}095)$ per cent. *ad valorem* (Re. 1·005 being the c.i.f. price of imported plugs). This latter will, however, be equal to X, since the duties on finished plugs and on imported components other than insulators are to be at the same rates. Solving the equation, it will be seen that X, *i.e.*, the duty on finished plugs and imported components other than insulators, will have to be at the rate of 93:1 per cent. in order to equate the landed cost of imported plugs with the fair ex-works price of indigenous plugs.* The existing duty is 92½ per cent. The difference between the two rates is too small to justify a revision of the duty. Moreover, our estimate relating to one element of cost, namely, the cost of central electrodes is based on technical data and not on actual performance. Data regarding the actual cost of production of this component may become available in about a year. We, therefore, recommend that the existing rate of protective duty of 9½ per cent. standard should be continued for

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*Since the value (without duty) of impoted components *including* insulators, is Rs. 0·386 per sparking plug, the duty on sparking plugs will have to be 137 per cent if, insulators also are subjected to the same rate of duty as sparking plugs.

one year, *i.e.*, upto 31st December, 1956. The scheme of protection should be reviewed and the rate of duty revised, if necessary, when adequate data about the actual cost of production of central electrodes become available. In order, however, to encourage the industry to implement its manufacturing programme, it should be assured of protection for a period of 5 years from 31st December, 1955.

15:2. In order to maintain the preferential margin of 7½ per cent. on sparking plugs adapted for use in motor trucks, the rate of preferential duty should remain at 85 per cent. The effective rate of duty on 14 mm. plugs, however, will be 92·½ per cent. since most of these plugs, even when imported for use in motor trucks, are also adapted for use in motor cars and taxi cabs and no preference is admissible for sparking plugs adapted for use in the latter class of vehicles.

15:3. The protective duty recommended by the Commission in its last Report was intended to apply to sparking plugs of 14 mm. and 18 mm. sizes, including the resistor types but excluding integrally screened types and parts thereof. Sparking plugs of these types and sizes used in any class of automobiles were to be included in the scheme of protection, and accordingly the tariff specification recommended by the Commission in paragraph 14 of its Report contained no limitation as to the type of vehicles in which the sparking plugs are used. However, in the Ministry of Commerce & Industry, Notification No. 21(2)-T.B./54, dated 22nd January 1955, the protected categories of sparking plugs were described as those "adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters". This limitation came to be introduced probably because it was part of the tariff item to which sparking plugs belonged at the time of granting protection. The manufacturers have represented that sparking plugs used in motor cycles and motor scooters are interchangeable with those used in motor cars and trucks and that there is no justification for treating them separately or levying a lower duty on them. Plug W.175.T.1., for example, which is used in Hindustan 14, Standard Vanguard and Fiat 500 cars can also be used in Royal Enfield motor cycles. We have examined this matter and see no reason why sparking plugs used in motor cycles and motor scooters should be excluded from the scope of the protective duty. We, therefore, recommend that the protected categories of sparking plugs should be described in the Indian Customs Tariff as "sparking plugs of 14 mm. and 18 mm. sizes, including the resistor types but excluding integrally screened types" without any distinction as to the types of engines or vehicle in which the plugs are used.

16. *Restriction of Imports.*—The manufacturers have stated that at the time when protection was granted to this industry, importers had already built up large stocks of foreign plugs and that the degree of restriction imposed by Government is consequently inadequate to safeguard the interests of the domestic industry. Import policy has to be adapted to the changing situation with regard to the availability of foreign exchange and the needs of

the domestic market and it is not within our purview to recommend the precise extent to which imports of sparking plugs should be restricted. We would, however, reiterate the recommendation made in the last Report that imports of sparking plugs should be allowed only to the extent required to bridge the gap between the estimated domestic demand and indigenous production.

17. *Summary of Conclusions and Recommendations.*—Our conclusions and recommendations may be summarised as under:

(1) No change is suggested in the estimates of domestic demand adopted at the last inquiry.

[Paragraph 6].

(2) The annual rated capacity of Motor Industries Co. Ltd., is 385,000 plugs and that of Auto Accessories (India) Ltd., 300,000 plugs on single shift basis.

[Paragraph 7.1].

(3) Domestic production of 14 mm. plugs amounted to 78,160 in 1954 and 241,415 in 1955 (January-June) and that of 18 mm. plugs 6,109 in 1954 and 22,135 in the first half of 1955.

[Paragraph 7.2].

(4) Insulators (not fitted with central electrodes) imported for use in the manufacture of sparking plugs should be exempted from duty for a period of one year. In the meanwhile the industry should take steps to evolve a concrete project for manufacturing insulators in the country.

[Paragraph 8.2].

(5) Indigenous sparking plugs have so far given satisfactory performance.

[Paragraph 9.1].

(6) Government purchases of sparking plugs should as far as possible be made from indigenous sources.

[Paragraph 9.3].

(7) Government should make arrangements for the periodical testing of the quality of indigenous sparking plugs. The manufacturers should also get their products periodically tested by the Indian Institute of Science, Bangalore.

[Paragraph 9.4]

(8) The existing protective duty of 92½ per cent. *ad valorem* standard (and 85 per cent. *ad valorem* preferential for sparking plugs of British manufacture adapted for use in motor trucks) should be continued up to 31st December, 1956. The scheme of protection should be reviewed, and the rate of duty revised, if necessary, when adequate data about the actual cost of production of central electrodes become available.

[Paragraph 15.1 & 15.2].

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(9) In order to encourage the domestic indusrty to implement its manufacturing programme, it should be assured of protection for a period of 5 years from 31st December, 1955.

[Paragraph 15.1].

(10) The protected categories of sparking plugs should be described in the Indian Customs Tariff as "Sparking plugs of 14 mm. and 18 mm. sizes, including the resistor types but excluding integrally screened types" without and distinction as to the types of engines or vehicles in which the plugs are used.

[Paragraph 15.3].

(11) Imports of sparking plugs should be allowed only to the extent required to bridge the gap between the estimated demand and indigenous production.

[Paragraph 16].

18. *Acknowledgements.*—We wish to acknowledge the co-operation received by us from the manufacturers, importers and consumers of sparking plugs and the Government departments concerned in carrying out this inquiry.

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B. N. ADARKAR, *Member.*

C. RAMASUBBAN, *Member.*

S. K. BOSE, *Secretary.*

Secretary.

BOMBA

Dated 5th September, 1955.

APPENDIX I

(*vide* paragraph 2)

LIST OF PARTIES TO WHOM THE COMMISSION'S QUESTIONNAIRES/LETTERS WERE ISSUED AND FROM WHOM REPLIES OR MEMORANDUM WERE RECEIVED.

* Indicates that they replied or sent memoranda.

@ Indicates that they are not interested.

A. Producers

*1. Auto Accessories (India) Ltd., Near Halav Bridge, Old Kurla, Bombay-37.

*2. Motor Industries Co. Ltd., Post Box No 03, Adugodi, Bangalore-2.

B. Importers

1. Ashok Leyland Ltd., 38, Mount Road, Madras-6.

2. A. R. Mukherjee & Co., Post Box No. 2273, P-74, Bentinck Street, Near Esplanade, (Opposite Paradise Cinema), Calcutta-1.

*3. Associated Auto Parts Ltd., 447, Lamington Road, Bombay-4.

@4. Auto Accessories (India) Ltd., Chowpatty Chambers, Sandhurst Bridge, Bombay-7.

*5. Automobile Products of India Ltd., Bhandup, Bombay.

*6. Cycle & Automobile Components Ltd., 4, Mission Row, Calcutta.

*7. Dodge & Seymour Ltd., Laxmi Building, Ballard Road, Ballard Estate, Bombay-1.

8. General Motors Ltd.. Post Box No. 39, Bombay.

*9. George Oakes Ltd., Swadeshi Mills Compound, New Queen's Road, Bombay.

*10. Hindustan Motors Ltd., 8, Royal Exchange Place, Calcutta.

*11. India Motor Parts and Accessories Ltd., 1/55, Mount Road, Madras-2.

*12. Mahindra & Mahindra Ltd., Gateway Building, Apollo Bunder, Fort, Bombay.

*13. Madras Auto Service Ltd., 37, Mount Road, Madras-6.

@14. Motor Industries Co. Ltd., 41, Queen's Road, Bombay-2.

*15. Premier Automobiles Ltd., Agra Road, Kurla, Bombay.

*16. Premier Auto Electric Ltd., 69, Tardeo Road, Turf Aerated Water's Ltd. Compound, Bombay-7.

*17. Raja Ram & Sons, Outside Gandhi Gate, Amritsar.

*18. Rane (Madras) Ltd., Mount Road, Madras.

*19. Standard Motor Products of India Ltd., 29, Mount Road, Madras.

@20. T. V. Sundaram Iyengar & Sons Ltd., West Veli Street, Madurai (S. India).

*21. Vora Bros., New Queen's Road, Near Opera House, Bombay-4.

C. Consumers

(i) Manufactures/Assemblers of automobiles

1. Ashok Leyland Ltd., 38, Mount Road, Madras.

*2. Automobile Products of India Ltd., Bhandup, Bombay.

@3. George Oakes Ltd., Swadeshi Mills Compound, New Queen's Road, Bombay-4.

*4. Hindustan Motors Ltd., 8, Royal Exchange Place, Calcutta.

5. Mahindra & Mahindra Ltd., Gateway Building, Apollo Bunder, Fort, Bombay.

*6. Premier Automobiles Ltd., Agra Road, Kurla, Bombay.

*7. Standard Motor Products of India Ltd., 29, Mount Road, Madras.

(ii) Fleet owners

8. Ahmedabad Municipal Transport Service, Outside Jamalpur Gate, P.O. Box No. 142, Ahmedabad.

*9. Bombay Electric Supply & Transport Undertaking, Electric House, Colaba, Bombay.

10. Burmah Shell Oil Storage & Distribution Co. of India Ltd., Burmah Shell House, Currimbhoy Road, Ballard Estate, Bombay.

11. Annamallais Bus Transport Ltd., Goodshed Road Pollachi.

12. Canara Public Conveyance Co. Ltd., Post Box No. 85, Mangalore (S. India).

13. Shri Ram Vilas Services Ltd., Kumbakonam, S. India.

*14. Southern Roadways Ltd., T.V.S. Building, West Veli Street, Madurai.

(iii) State Transport Services

@15. Superintendent, Road Transport Department, Murshidabad, Hyderabad (Dn.).

*16 General Manager, Amritsar Omnibus Service, Amritsar.

*17 Chairman, Bombay State Road Transport Corporation, 80-81, Dr. Annie Besant Rd., Bombay-18.

*18. Director General, Directorate of Transportation, Government of West Bengal, 5, Nilgunge Road, Belghurria, 24, Parganas, West Bengal.

19. Transport Commissioner, Government Transport, Transport House, Mount Road, Madras.

D. *Associations*

(i) *Automobile Associations*

1. Shri Kundanlal, All India Motor Union Congress, 5192 Lahori Gate, Delhi-6.

*2. Secretary, Automobile Ancillary Industries Association, Victoria Mills Estate, Gamdevi, Bombay.

(ii) *Automobile Importers' Associations*

*3. Secretary, Bombay Motor Merchants' Association Ltd., Sandhurst Building (Top floor), Near Sandhurst Bridge, Bombay-4.

*4. Secretary, Calcutta Motor Dealers' Association, P-6, Mission Row Extension, Calcutta-1.

*5. Secretary, Delhi Motor Traders' Association, Post Box No. 1098, Kashmere Gate, Delhi-6.

6. Secretary, Motor Vehicles and Allied Merchants' Association, 1/105, Mount Road, Madras-2.

7. The Society of Motor Manufacturers & Traders' Limited, Post Box No. 173, Indra Palace Lodge. 'H' Block, Connaught Place, New Delhi.

E. *Collectors of Customs/Central Excise*

1. Dy. Collector of Central Excise & Land Customs, Ajmer.

*2. Collector of Central Excise, Post Box No. 118, Baroda.

3. Collector of Central Excise & Land Customs, Construction House, Ballard Estate, Bombay-1.

*4. Collector of Customs, New Customs House, Bombay.

*5. Collector of Customs, Calcutta.

*6. Collector of Central Excise & Land Customs. Customs House, Calcutta.

*7. Collector of Customs, Customs House, Willingdon Island, Cochin.

*8. Collector of Customs, Post Box No. 55, Customs House, Madras.

*9. Asstt. Collector of Central Excise, Puri Division, Puri.

10. Collector of Central Excise, Shillong, Assam.

F. *Central Government Departments*

*1. Chief Industrial Adviser, Ministry of Commerce & Industry, (Development Wing), Government of India, New Delhi.

2. Secretary to the Government of India, Ministry of Defence, New Delhi.

APPENDIX II

(*vide* paragraph 13)

STATEMENT SHOWING THE C. I. F. PRICES, CUSTOMS DUTIES, CLEARING CHARGES AND LANDED COSTS OF SPARKING PLUGS FOR USE AS REPLACEMENT PARTS

(Price per piece)

Serial No.	Type and Specification	Source of information	Origin of import	Date of Import	C. i. f. price	Customs duty	Clearing charges	Landed cost
1	2	2	4	5	6	7	8	9
					Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
	(a) 14 mm Size Sparking plugs							
1	Champion J—14, N—7, J—12, J—11, H—9, J—6, J—7, J—8, L—10, NA—8, J—3, L—10-S	Dodge & Seymour Ltd., Bombay.	Canada	June—July, 1955.	1 5 7	1 4 0	0 0 9	2 10 4
2	Champion. All Regular specifications.	Vora Bros., Bombay.	Canada	23-6-55	1 5 7	1 4 0	0 0 9	2 10 4
3	Champion J—8, J—11, H—9, L—10, N—8 B, J—8.	Rane (Madras) Ltd., Madras.	Canada	July, 1955.	1 5 9	1 4 1	0 0 2	2 10 0
4	Champion All specifications.	Raja Ram & Sons, Armritsar.	U.S.A.	Current	1 5 6	1 4 0	0 0 3	2 9 9
5	Champion. H—10, J—8, J—7, L—10, NA—8.	Collector of Customs, Bombay.	Canada	19-5-55	1 6 3	1 4 9	0 0 4	2 11 4
6	Champion J—11, H—9, L—10, J—7.	Collector of Customs, Madras.	Canada	6-7-55	1 4 4	1 2 10	0 0 2	2 7 4
7	Champion J—11, J—8, H—10, L—10, H—9, N—8B, J—12, J—14.	Collector of Customs, Calcutta.	Canada	July, 1955	1 6 0	1 4 4	0 0 8	2 11 0

8	A. C. Sphinx plugs, All specifications.	India Motor Parts and Accessories Ltd. Madras.	U. K.	Jan—June, 1955.	[illegible]	0 15 0	0 0 [illegible]	[illegible]
9	Lodge CN, C 14	Cycle & Automobile Components Ltd., Calcutta.	U. K.	4-4-55	1 2 11	1 1 6	0 0 10	2 5 3
10	Do.	Collector of Customs, Calcutta.	U. K.	April 1955.	1 2 11	1 1 6	0 0 10	2 5 3
11	Autolite Ordy. A-5	Premier Automobiles Ltd.	U.S.A.	Current	1 5 0	..	..	1 11 0
12	Autolite Resistor AR-5, AR-8A, 4S-165, 4S-140.	Do.	U.S.A.	Current	1 11 0	..	..	2 3 0
13	Marelli CW175E (Ordy).	Do.	Italy	Current	1 8 0	..	..	1 15 0
	(b) 18 mm. size sparking plugs.							
14	Champion 7, C-7, 8-Com, 6-Com, 6-M, 49.	Dodge & Seymour Ltd., Bombay.	Canada	June—July, 1955.	1 5 7	1 4 0	0 0 9	2 10 4
15	Champion. All regular specifications.	Vora Bos., Bombay.	Canada	23-6-55	1 5 7	1 4 0	0 0 9	2 10 4
16	Champion 7	Rane (Madras) Ltd., Madras.	Canada	4-6-55	1 5 9	1 4 1	0 0 2	2 10 0
17	Champion, All specifications	Raja Ram & Sons, Amritsar.	U.S.A.	Current	1 5 6	1 4 0	0 0 3	2 9 9
18	Champion C-7, 15, 6-Com, 7, 16, 17.	Collector of Customs, Bombay	Canada	June, 1955	1 5 8	1 4 0	0 0 9	2 10 5
19	Champion 7	Collector of Customs, Madras.	Canada	6-7-55	1 4 4	1 2 10	0 0 2	2 7 4

Serial No.	Type and Specification	Source of information	Origin of import	Date of import	C. i. f. price	Customs duty	Clearing charges	Landed cost
1	2	3	4	5	6	7	8	9
					Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
20	A. C. Sphinx plugs. All specifications.	India Motor Parts & Accessories Ltd., Madras.	U.K.	Jan.—June, 1955.	1 0 1	0 15 0	0 0 1	1 15 2
21	A. C. 87—Com.	Collector of Customs, Madras.	U. K.	1-6-55	1 0 1	0 15 0	0 0 1	1 15 2
22	Lodge C-3	Cycle and Automobile Components Ltd., Calcutta.	U. K.	4-4-55	1 2 11	1 1 6	0 0 10	2 5 3
23	Do.	Collector of Customs, Calcutta.	U. K.	April, 1955	1 2 11	1 1 6	0 0 10	2 5 3

GIPND—M—85 C.P.—5-12-55—535

(To be published in Part I, Section 1 of the Gazette of India Extraordinary)

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & INDUSTRY

NOTIFICATION

TARIFFS

New Delhi, the 30th November 1955

No. 21(5)-T.B./55.—In exercise of the powers conferred by sub-section (1) of Section 3A of the Indian Tariff Act, 1934 (XXXII of 1934), as in force in India and as applied to the State of Pondicherry, the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed, when imported into India or the said State, a duty of customs of such amount as is specified in the corresponding entry in column (2) thereof.

THE TABLE

Name of articles	Amount of duty of customs (inclusive of the duty chargeable under sub-section (1) of Section 2 of the Indian Tariff Act, 1934, and any additional duty leviable under any other law for the time being in force).
(1)	(2)
The following articles and parts thereof adapted exclusively for use as parts and accessories of motor cycles and motor scooters. namely—	
Sparking plugs of 14 mm. and 18 mm. sizes including the resistor types but excluding integrally screened types.	
(i) of British manufacture.	85 per cent. *ad valorem.*
(ii) not of British manufacture.	92½ per cent. *ad valorem.*

(Sd.) K. B. LALL,

Joint Secretary to the Government of India.

(6) Government should make arrangements for the periodical testing of the quality of indigenous sparking plugs. The manufacturers should also get their products periodically tested by the Indian Institute of Science, Bangalore.

(7) Government purchases of sparking plugs should as far as possible be made from indigenous sources.

2. Government accept recommendations (1) and (2) and will take suitable steps to implement them.

3. Government accept recommendation (3) with the modification that sparking plugs for use exclusively in agricultural tractors will be excluded from the scope of protection.

4. Government also accept recommendations (4), (6) and (7) and will take suitable action to implement them as far as possible.

5. Government have taken note of recommendation (5) and it will be considered along with other relevant factors while formulating the import policy from time to time.

6. The attention of the industry is invited to the latter parts of recommendations (1) and (6).

ORDER

Ordered that a copy of the Resolution be communicated to all concerned and that it be published in the *Gazette of India.*

(Sd.) K. B. LALL,

Joint Secretary to the Government of India.

सत्यमेव जयते

(To be published in Part I, Section 1 of the Gazette of India Extraordinary)

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & INDUSTRY

RESOLUTION

TARIFFS

New Delhi, the 30th November 1955

No. 21(5)-T.B./55.—The Tariff Commission has submitted its Report on the continuance of protection to the Automobile Sparking Plug Industry beyond the 31st December, 1955 on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Taric Commission Act, 1951. Its recommendations are as follows:—

(1) The existing protective duty of 92½ per cent *ad valorem* standard (and 85 per cent. *ad valorem* preferential for sparking plugs of British manufacture adapted for use in motor trucks) should be continued up to 31st December, 1956. The scheme of protection should be reviewed, and the rate of duty revised, if necessary, when adequate data about the actual cost of production of central electrodes become available.

(2) In order to encourage the domestic industry to implement its manufacturing programme, it should be assured of protection for a period of 5 years from 31st December, 1955.

(3) The protected categories of sparking plugs should be described in the Indian Customs Tariff as "Sparking plugs of 14 mm. and 18 mm. sizes, including the resistor types but excluding integrally screened types" without any distinction as to the types of engines or vehicles in which the plugs are used.

(4) Insulators (not fitted with central electrodes) imported for use in the manufacture of sparking plugs should be exempted from duty for a period of one year. In the meanwhile the industry should take steps to evolve a concrete project for manufacturing insulators in the country.

(5) Imports of sparking plugs should be allowed only to the extent required to bridge the gap between the estimated demand and indigenous production.